

**STATE BONDING FUND**  
**INVESTMENT PERFORMANCE REPORT AS OF AUGUST 31, 2005**

	August-05				July-05				Current	Prior Year	3 Years	5 Years
	Allocation		Month		Allocation		Month		FYTD	FY05	Ended	Ended
	Market Value	Actual	Policy	Net ROR	Market Value	Actual	Policy	Net ROR	Net	Net	6/30/2005	6/30/2005
<b>LARGE CAP DOMESTIC EQUITY</b>												
<i>Structured Growth</i>												
Los Angeles Capital	77,076	2.9%	2.8%	-0.55%	77,527	2.9%	2.8%	4.33%	3.76%	7.56%	N/A	N/A
<b>Total Structured Growth</b>	<b>77,076</b>	<b>2.9%</b>	<b>2.8%</b>	<b>-0.55%</b>	<b>77,527</b>	<b>2.9%</b>	<b>2.8%</b>	<b>4.33%</b>	<b>3.76%</b>	<b>7.56%</b>	<b>7.46%</b>	<b>-9.18%</b>
<i>Russell 1000 Growth</i>				-1.29%				4.89%	3.54%	1.68%	7.26%	-10.36%
<i>Structured Value</i>												
LSV	77,880	2.9%	2.8%	-0.28%	78,159	2.9%	2.8%	4.05%	3.75%	18.35%	14.73%	14.78%
<i>Russell 1000 Value</i>				-0.43%				2.89%	2.45%	14.06%	11.00%	6.55%
<i>Russell 1000 Enhanced Index</i>												
LA Capital	153,056	5.7%	5.6%	0.27%	152,689	5.8%	5.6%	3.84%	4.13%	7.93%	N/A	N/A
<i>Russell 1000</i>				-0.87%				3.89%	2.99%	7.92%	N/A	N/A
<i>S&amp;P 500 Enhanced Index</i>												
Westridge	150,291	5.6%	5.6%	-0.89%	151,716	5.7%	5.6%	3.75%	2.82%	6.58%	N/A	N/A
<i>S&amp;P 500</i>				-0.91%				3.72%	2.77%	6.32%	N/A	N/A
<i>Index</i>												
State Street	49,805			-0.92%	50,264			3.70%	2.75%	6.27%	8.22%	-2.45%
<b>Total Index</b>	<b>49,805</b>	<b>1.9%</b>	<b>1.9%</b>	<b>-0.92%</b>	<b>50,264</b>	<b>1.9%</b>	<b>1.9%</b>	<b>3.70%</b>	<b>2.75%</b>	<b>6.27%</b>	<b>8.22%</b>	<b>-2.45%</b>
<i>S&amp;P 500</i>				-0.91%				3.72%	2.77%	6.32%	8.28%	-2.37%
<b>TOTAL LARGE CAP DOMESTIC EQUITY</b>	<b>508,109</b>	<b>19.0%</b>	<b>18.8%</b>	<b>-0.40%</b>	<b>510,355</b>	<b>19.2%</b>	<b>18.8%</b>	<b>3.91%</b>	<b>3.49%</b>	<b>8.89%</b>	<b>9.59%</b>	<b>-0.28%</b>
<i>S&amp;P 500</i>				-0.91%				3.72%	2.77%	6.32%	8.28%	-2.37%
<b>SMALL CAP DOMESTIC EQUITY</b>												
<i>Manager-of-Managers</i>												
SEI	171,767	6.4%	6.3%	-2.06%	176,139	6.6%	6.3%	6.87%	4.67%	9.32%	13.32%	N/A
<i>Russell 2000 + 200bp</i>				-1.69%				6.50%	4.71%	11.64%	15.07%	N/A
<b>TOTAL SMALL CAP DOMESTIC EQUITY</b>	<b>171,767</b>	<b>6.4%</b>	<b>6.3%</b>	<b>-2.06%</b>	<b>176,139</b>	<b>6.6%</b>	<b>6.3%</b>	<b>6.87%</b>	<b>4.67%</b>	<b>9.32%</b>	<b>13.32%</b>	<b>5.50%</b>
<i>Russell 2000</i>				-1.85%				6.34%	4.36%	9.45%	12.81%	5.71%
<b>CONVERTIBLES</b>												
TCW	-	0.0%	0.0%	N/A	-	0.0%	0.0%	N/A	N/A	N/A	N/A	N/A
<i>Merrill Lynch All Convertibles</i>				0.00%				0.00%	N/A	N/A	N/A	N/A
<b>INTERNATIONAL EQUITY</b>												
<i>Large Cap - Active</i>												
Capital Guardian	111,396	4.2%	4.0%	2.93%	108,499	4.1%	4.0%	3.78%	6.83%	10.32%	7.44%	-3.80%
LSV	111,538	4.2%	4.0%	1.56%	109,873	4.1%	4.0%	3.40%	5.02%	N/A	N/A	N/A
Transition Account	-	0.0%	0.0%	N/A	-	0.0%	0.0%	N/A	N/A	N/A	N/A	N/A
<b>Total Large Cap - Active</b>	<b>222,934</b>	<b>8.3%</b>	<b>8.0%</b>	<b>2.24%</b>	<b>218,372</b>	<b>8.2%</b>	<b>8.0%</b>	<b>3.59%</b>	<b>5.92%</b>	<b>13.23%</b>	<b>12.39%</b>	<b>7.26%</b>
<i>MSCI EAFE - 50% Hedged</i>				1.95%				3.40%	5.42%	14.41%	8.84%	-2.61%
<i>Small Cap - Value</i>												
Lazard	27,668	1.0%	1.0%	3.60%	26,697	1.0%	1.0%	3.90%	7.64%	18.18%	N/A	N/A
<i>Citigroup Broad Market Index &lt; \$2BN</i>				3.00%				3.90%	7.02%	21.33%	N/A	N/A
<i>Small Cap - Growth</i>												
Vanguard	27,599	1.0%	1.0%	2.03%	27,051	1.0%	1.0%	4.53%	6.65%	24.11%	N/A	N/A
<i>Citigroup Broad Market Index &lt; \$2BN</i>				3.00%				3.90%	7.02%	21.33%	N/A	N/A
<b>TOTAL INTERNATIONAL EQUITY</b>	<b>278,200</b>	<b>10.4%</b>	<b>10.0%</b>	<b>2.36%</b>	<b>272,120</b>	<b>10.3%</b>	<b>10.0%</b>	<b>3.71%</b>	<b>6.16%</b>	<b>15.34%</b>	<b>10.62%</b>	<b>-2.10%</b>
<i>MSCI EAFE - 50% Hedged</i>				1.95%				3.40%	5.42%	14.41%	8.84%	-2.61%
<b>DOMESTIC FIXED INCOME</b>												
<i>Core Bond</i>												
Western Asset	496,369	18.6%	18.3%	1.16%	490,678	18.5%	18.3%	-0.52%	0.64%	7.14%	7.36%	8.59%
<i>Lehman Aggregate</i>				1.28%				-0.91%	0.36%	6.80%	5.75%	7.40%
<i>Index</i>												
Bank of ND	459,513	17.2%	18.3%	1.50%	452,483	17.1%	18.3%	-0.96%	0.54%	4.08%	5.66%	7.26%
<i>Lehman Gov/Credit (1)</i>				1.49%				-1.13%	0.35%	4.80%	5.82%	7.35%
<i>BBB Average Quality</i>												
Wells Capital (formerly Strong)	494,583	18.5%	18.3%	1.51%	487,416	18.4%	18.3%	-0.71%	0.79%	9.14%	9.20%	N/A
<i>Lehman US Credit BAA</i>				1.48%				-0.74%	0.74%	8.60%	9.42%	N/A
<b>TOTAL DOMESTIC FIXED INCOME</b>	<b>1,450,465</b>	<b>54.3%</b>	<b>55.0%</b>	<b>0.00%</b>	<b>1,430,576</b>	<b>53.9%</b>	<b>55.0%</b>	<b>-0.72%</b>	<b>-0.72%</b>	<b>6.14%</b>	<b>6.59%</b>	<b>7.79%</b>
<i>Lehman Gov/Credit</i>				1.49%				-1.13%	0.35%	7.26%	6.41%	7.70%
<b>CASH EQUIVALENTS</b>												
Bank of ND	263,305	9.9%	10.0%	0.32%	262,961	9.9%	10.0%	0.29%	0.61%	2.46%	1.74%	2.68%
<i>90 Day T-Bill</i>				0.29%				0.23%	0.52%	2.15%	1.55%	2.62%
<b>TOTAL BONDING FUND</b>	<b>2,671,846</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.06%</b>	<b>2,652,152</b>	<b>100.0%</b>	<b>100.0%</b>	<b>1.19%</b>	<b>1.25%</b>	<b>6.51%</b>	<b>7.96%</b>	<b>4.19%</b>
<i>POLICY TARGET BENCHMARK</i>				0.76%				0.84%	1.60%	6.74%	5.58%	3.21%

NOTE: Monthly returns and market values are preliminary and subject to change.

(1) From April 1, 2004, through June 30, 2005, the benchmark was the LB Intermediate Govt/Credit index.